



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
BROOKFIELD PLACE, 200 VESEY STREET, SUITE 400
NEW YORK, NY 10281-1022

DUGAN BLISS
TELEPHONE: (212) 336-0971
EMAIL: blissd@sec.gov

June 2, 2020

VIA ECF

The Honorable Lorna G. Schofield
United States District Judge
Southern District of New York
Thurgood Marshall Courthouse
40 Foley Square, Courtroom 1106
New York, NY 10007

Re: Securities and Exchange Commission v. Connell, 17-cv-00831-LGS

Dear Judge Schofield:

Plaintiff Securities and Exchange Commission (the "Commission") respectfully submits this status letter in the above-referenced matter, pursuant to the Court's April 3, 2020 Memo Endorsement [Docket No. 41]. Pursuant to the Court's Order dated May 19, 2017 [Docket No. 18], this case was stayed pending the resolution of Defendant Barry F. Connell's related criminal case, *United States v. Connell*, 17-cr-00116-RMB-1.

As Commission counsel advised the Court previously, in the related criminal case Defendant entered a guilty plea. Defendant was sentenced on January 31, 2020, but the government requested 90 days to submit its restitution proposal. Commission counsel had anticipated that an order of restitution would be entered along with the sentencing, and will be in a better position to recommend to the Commission a settlement that addresses monetary relief without need for further modifications, once the restitution order is entered. *See SEC v. Palmisano*, 135 F.3d 860, 864 (2d Cir. 1998) ("[W]e modify the judgment to provide that to the extent that [defendant] pays or has paid restitution as ordered in the criminal judgment, such payments will offset his disgorgement obligation under the present judgment."). Once that occurs, the Commission settlement review process typically takes five to six weeks.

In the related criminal case, the Court granted an extension for the government to submit its restitution proposal until July 1, 2020. Pursuant to the Court's April 3, 2020 Memo Endorsement, Commission counsel will continue to file status letters every 60 days, and will seek Court approval of any settlement within three business days of the Commission's authorization of such settlement.

Respectfully submitted,

/s/ Dugan Bliss

Dugan Bliss